

**UNIFIED SCHOOL DISTRICT NO. 336**  
Holton, Kansas

**STATUTORY BASIS FINANCIAL STATEMENTS**  
For the year ended June 30, 2011

**And**

**INDEPENDENT AUDITORS' REPORTS**

**Long CPA, PA**  
**A Professional Association**  
**Certified Public Accountants**

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

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Holton, Kansas

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## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of Unified School District No. 336, Holton, Kansas, as of and for the year ended June 30 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

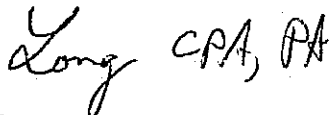
As described more fully in Note 1, Unified School District No. 336 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 336 as of June 30, 2011, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 336, as of June 30, 2011 and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2011, on our consideration of Unified School District No. 336's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 336's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 336. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Long CPA, PA  
A Professional Association  
Certified Public Accountant

July 26, 2011

USD #336 HOLTON, KANSAS  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
General Funds							
General	\$ (521,625)	\$ 0	\$ 7,009,337	\$ 7,107,461	\$ (619,749)	\$	\$ (619,749)
Supplemental General	(263,059)	0	2,538,186	2,329,580	(54,453)		(54,453)
Special Revenue Funds							
Vocational Education	0	0	319,080	319,080	0		0
Special Education	277,088	0	1,356,238	1,283,326	350,000		350,000
Driver Education	17,000	0	13,891	14,799	16,092		16,092
Food Service	75,000	0	403,133	365,296	112,837		112,837
Capital Outlay	1,116,961	0	609,395	394,313	1,332,043		1,332,043
Gifts and Grants	4,036	0	0	2,500	1,536		1,536
Parent Education	11,300	0	11,300	11,300	11,300		11,300
Professional Development	50,000	0	14,552	14,562	49,990		49,990
Summer School	28,269	0	25,315	23,584	30,000		30,000
Special Education Cooperative	890,076	0	5,283,654	5,068,833	1,104,897		1,104,897
KPERS Special Contribution	0	0	601,353	601,353	0		0
At Risk (K-12)	0	0	423,553	423,553	0		0
Bond and Interest	371,887	0	421,129	406,368	386,648		386,648
District Activity Funds	111,434	0	337,670	325,488	123,616		123,616
Textbook Rental Fund	126,863	0	98,314	125,177	100,000		100,000
Contingency Reserve Fund	346,962	0	250,000	0	596,962		596,962
Title I	0	0	193,558	193,558	0		0
Title IVA	0	0	3,230	3,230	0		0
Title VIB	1,461	0	30,728	32,189	0		0
Mini-Grants	6,006	0	0	0	6,006		6,006
Title IIA	0	0	39,687	39,687	0		0
Title IID	0	0	1,410	1,410	0		0
Carl Perkins Grant	1,310	0	5,913	5,857	1,366		1,366
Fresh Start	51,710	0	440,875	434,125	58,460		58,460
<b>Total Reporting Entity</b>	<b>\$ 2,702,679</b>	<b>\$ 0</b>	<b>\$ 20,431,501</b>	<b>\$ 19,526,629</b>	<b>\$ 3,607,551</b>	<b>\$ 0</b>	<b>\$ 3,607,551</b>

## Composition of Cash

Checking Accounts	\$ (914,260)
Savings Accounts	4,585,180
Certificates of Deposit	
Total Cash	<u>3,670,920</u>
Agency Funds per Statement 4	<u>63,369</u>
<b>Total Reporting Entity</b>	<b>\$ 3,607,551</b>

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KANSAS  
Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
<b>Governmental Type Funds</b>						
<b>General Funds</b>						
General	\$ 7,005,753	\$ 44,626	\$ 57,082	\$ 7,107,461	\$ 7,107,461	\$ 0
Supplemental General	2,329,580	0	0	2,329,580	2,329,580	0
<b>Special Revenue Funds</b>						
Vocational Education	355,000	0	0	355,000	319,080	35,920
Special Education	1,502,085	0	0	1,502,085	1,283,326	218,759
Driver Training	25,072	0	0	25,072	14,799	10,273
Food Service	447,731	0	0	447,731	365,296	82,435
Capital Outlay	865,000	0	0	865,000	394,313	470,687
Gifts and Grants	10,042	0	0	10,042	2,500	7,542
Parent Education	11,300	0	0	11,300	11,300	0
Professional Development	66,636	0	0	66,636	14,562	52,074
Summer School	28,269	0	0	28,269	23,584	4,685
Special Education Cooperative	6,144,341	0	0	6,144,341	5,068,833	1,075,508
KPERS Special Contribution	817,163	0	0	817,163	601,353	215,810
At-Risk Fund	537,919	0	0	537,919	423,553	114,366
Bond and Interest	406,368	0	0	406,368	406,368	0

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 674,971	\$ 663,279	\$ 11,692
Delinquent tax	3,542	10,679	(7,137)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	338,937	123,205	215,732
State aid/grants	5,934,805	6,208,591	(273,786)
Charges for services			0
Interest income			0
Miscellaneous revenues	57,082		57,082
Operating transfers			0
<b>Total Cash Receipts</b>	<u>7,009,337</u>	<u>7,005,754</u>	<u>3,583</u>
<b>EXPENDITURES</b>			
Instruction	2,730,421	2,932,997	202,576
Student support services	194,711	221,700	26,989
Instruction support staff	213,690	299,000	85,310
General administration	104,503	99,300	(5,203)
School administration	503,230	542,000	38,770
Operations and maintenance	280,590	359,000	78,410
Student transportation services	248,503	287,500	38,997
Central support services			0
Other support services	77,065	72,300	(4,765)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,754,748	2,191,956	(562,792)
Adjustment to comply with legal max		44,626	44,626
Adjustment for qualifying budget credits		57,082	57,082
<b>Total Expenditures</b>	<u>7,107,461</u>	<u>\$ 7,107,461</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(98,124)		
Unencumbered Cash, Beginning	(521,625) *		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ (619,749) *</u>		

See Note 9 (Cash Basis Exception)

See Note 10 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.



USD #336 HOLTON, KS  
SUPPLEMENTAL GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 912,584	\$ 993,306	\$ (80,722)
Delinquent tax	0	13,212	(13,212)
Motor vehicle tax	118,319	121,763	(3,444)
RV tax	9,465	1,625	7,840
Mineral production tax			0
Federal grants	0		0
State aid/grants	1,497,818	1,317,005	180,813
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>2,538,186</u>	<u>2,446,911</u>	<u>91,275</u>
<b>EXPENDITURES</b>			
Instruction	1,423,598	1,379,389	(44,209)
Student support services	28,055	47,120	19,065
Instruction support staff	40,297	49,308	9,011
General administration	317	500	183
School administration	53,024	65,500	12,476
Operations and maintenance	588,083	735,000	146,917
Student transportation services	11,958	16,463	4,505
Central support services			0
Other support services		0	0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	184,248	36,300	(147,948)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>2,329,580</u>	<u>\$ 2,329,580</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	208,606		
Unencumbered Cash, Beginning	(263,059) *		
Prior Year Cancelled Encumbrances	<u>0</u>		

Unencumbered Cash, Ending \$ (54,453) \*

See Note 9 (Cash Basis Exception)

See Note 10 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 VOCATIONAL EDUCATION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>319,080</u>	<u>355,000</u>	<u>(35,920)</u>
Total Cash Receipts	<u>319,080</u>	<u>355,000</u>	<u>(35,920)</u>
<b>EXPENDITURES</b>			
Instruction	319,080	355,000	35,920
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>319,080</u>	<u>\$ 355,000</u>	<u>\$ 35,920</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
SPECIAL EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>1,356,238</u>	<u>1,225,000</u>	<u>131,238</u>
Total Cash Receipts	<u>1,356,238</u>	<u>1,225,000</u>	<u>131,238</u>
<b>EXPENDITURES</b>			
Instruction	1,250,241	1,450,085	199,844
Student support services		1,000	1,000
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	33,085	51,000	17,915
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,283,326</u>	<u>\$ 1,502,085</u>	<u>\$ 218,759</u>
Receipts Over (Under) Expenditures	72,912		
Unencumbered Cash, Beginning	277,088		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 350,000</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 DRIVER TRAINING FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	4,218	3,990	228
Charges for services	9,673	7,000	2,673
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>13,891</u>	<u>10,990</u>	<u>2,901</u>
<b>Total Cash Receipts</b>			
	<u>13,891</u>	<u>10,990</u>	<u>2,901</u>
<b>EXPENDITURES</b>			
Instruction	13,923	23,322	9,399
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	876	1,750	874
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>14,799</u>	<u>25,072</u>	<u>10,273</u>
<b>Total Expenditures</b>			
	<u>14,799</u>	<u>25,072</u>	<u>10,273</u>
Receipts Over (Under) Expenditures	(908)		
Unencumbered Cash, Beginning	17,000		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 16,092</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
FOOD SERVICE FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	201,460	190,585	10,875
State aid/grants	5,297	4,378	919
Charges for services	187,107	172,899	14,208
Interest income			0
Miscellaneous revenues	9,269		9,269
Operating transfers		5,000	(5,000)
	<u>403,133</u>	<u>372,862</u>	<u>30,271</u>
<b>Total Cash Receipts</b>			
	<u>403,133</u>	<u>372,862</u>	<u>30,271</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	7,644	800	(6,844)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	357,652	446,931	89,279
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>365,296</u>	<u>\$ 447,731</u>	<u>\$ 82,435</u>
<b>Total Expenditures</b>			
	<u>365,296</u>	<u>\$ 447,731</u>	<u>\$ 82,435</u>
Receipts Over (Under) Expenditures	37,837		
Unencumbered Cash, Beginning	75,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>112,837</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
CAPITAL OUTLAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 38,715	\$ 38,617	\$ 98
Delinquent tax	1,080	1,381	(301)
Motor vehicle tax	19,125	19,683	(558)
RV tax	321	263	58
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	58,477	47,000	11,477
Miscellaneous revenues	5,117		5,117
Operating transfers	486,560	102,306	384,254
<b>Total Cash Receipts</b>	<u>609,395</u>	<u>209,250</u>	<u>400,145</u>
<b>EXPENDITURES</b>			
Instruction	56,934	55,000	(1,934)
Student transportation services		5,000	5,000
Instruction support staff	39,014		(39,014)
General administration			0
School administration			0
Operations and maintenance	36,468	50,000	13,532
Student transportation services		200,000	200,000
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	261,897	555,000	293,103
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>394,313</u>	<u>\$ 865,000</u>	<u>\$ 470,687</u>
Receipts Over (Under) Expenditures	215,082		
Unencumbered Cash, Beginning	1,116,961		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 1,332,043</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
GIFTS AND GRANTS FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	2,500	10,042	7,542
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>2,500</u>	<u>\$ 10,042</u>	<u>\$ 7,542</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(2,500)		
Unencumbered Cash, Beginning	4,036		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>1,536</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
PARENT EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>11,300</u>		<u>11,300</u>
Total Cash Receipts	<u>11,300</u>	<u>0</u>	<u>11,300</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services	11,300	11,300	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>11,300</u>	<u>\$ 11,300</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	11,300		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 11,300</u>		

The notes to the financial statements are an integral part of this statement.



USD #336 HOLTON, KS  
PROFESSIONAL DEVELOPMENT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	14,552	20,000	(5,448)
Total Cash Receipts	14,552	20,000	(5,448)
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff	14,562	66,636	52,074
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	14,562	\$ 66,636	\$ 52,074
Receipts Over (Under) Expenditures	(10)		
Unencumbered Cash, Beginning	50,000		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 49,990		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 SUMMER SCHOOL FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>25,315</u>		<u>25,315</u>
Total Cash Receipts	<u>25,315</u>	<u>0</u>	<u>25,315</u>
<b>EXPENDITURES</b>			
Instruction	23,584	28,269	4,685
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>23,584</u>	<u>\$ 28,269</u>	<u>\$ 4,685</u>
Receipts Over (Under) Expenditures	1,731		
Unencumbered Cash, Beginning	28,269		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 30,000</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
SPECIAL EDUCATION COOPERATIVE  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	1,360,495	1,266,342	94,153
State aid/grants			0
Charges for services	3,918,929	3,987,924	(68,995)
Interest income			0
Miscellaneous revenues	4,230		4,230
Operating transfers			0
	<u>5,283,654</u>	<u>5,254,266</u>	<u>29,388</u>
<b>EXPENDITURES</b>			
Instruction	4,482,715	4,623,269	140,554
Student support services	193,050	1,069,272	876,222
Instruction support staff			0
General administration	302,194	324,800	22,606
School administration			0
Operations and maintenance	47,365	72,000	24,635
Student transportation services	43,509	55,000	11,491
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>5,068,833</u>	<u>\$ 6,144,341</u>	<u>\$ 1,075,508</u>
Receipts Over (Under) Expenditures	214,821		
Unencumbered Cash, Beginning	890,076		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,104,897</u>		

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	601,353	817,163	(215,810)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>601,353</u>	<u>817,163</u>	<u>(215,810)</u>
<b>EXPENDITURES</b>			
Instruction	469,055	653,730	184,675
Student support services	12,027	16,343	4,316
Instruction support staff	18,041	24,515	6,474
General administration	24,054	32,687	8,633
School administration	30,067	32,687	2,620
Operations and maintenance	18,041	24,515	6,474
Student transportation services	12,027	16,343	4,316
Central support services			0
Other support services	6,014	8,171	2,157
Food service operations	12,027	8,172	(3,855)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>601,353</u>	<u>\$ 817,163</u>	<u>\$ 215,810</u>
<b>Total Expenditures</b>	<u>601,353</u>	<u>\$ 817,163</u>	<u>\$ 215,810</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

The notes to financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
AT RISK FUND (K-12)  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		28,269	(28,269)
Operating transfers	<u>423,553</u>	<u>509,650</u>	<u>(86,097)</u>
Total Cash Receipts	<u>423,553</u>	<u>537,919</u>	<u>(114,366)</u>
<b>EXPENDITURES</b>			
Instruction	421,607	535,369	113,762
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	1,946	2,550	604
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>423,553</u>	<u>\$ 537,919</u>	<u>\$ 114,366</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

The notes to financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
BOND AND INTEREST FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 213,365	\$ 209,555	\$ 3,810
Delinquent tax	1,727	2,573	(846)
Motor vehicle tax	26,784	27,538	(754)
RV tax	451	368	83
Mineral production tax			0
Federal grants			0
State aid/grants	178,802	178,802	0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>421,129</u>	<u>418,836</u>	<u>2,293</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	406,368	406,368	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>406,368</u>	<u>\$ 406,368</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	14,761		
Unencumbered Cash, Beginning	371,887		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 386,648</u>		

The notes to financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			193,558
State aid/grants			
Charges for services	45,916		
Interest income			
Miscellaneous revenues			
Operating transfers	<u>52,398</u>	<u>250,000</u>	
<b>Total Cash Receipts</b>	<u>98,314</u>	<u>250,000</u>	<u>193,558</u>
<b>EXPENDITURES</b>			
Instruction	113,689		135,515
Student support services			
Instruction support staff	11,488		58,043
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
<b>Total Expenditures</b>	<u>125,177</u>	<u>0</u>	<u>193,558</u>
Receipts Over (Under) Expenditures	(26,863)	250,000	0
Unencumbered Cash, Beginning	126,863	346,962	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ 100,000</u>	<u>\$ 596,962</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Title IVA</u>	<u>Title VIB</u>	<u>Mini-Grants</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	3,230	30,728	
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>3,230</u>	<u>30,728</u>	<u>0</u>
<b>EXPENDITURES</b>			
Instruction	3,230	28,736	
Student support services			
Instruction support staff			
General administration		3,453	
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>3,230</u>	<u>32,189</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	(1,461)	0
Unencumbered Cash, Beginning	0	1,461	6,006
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>6,006</u>

The notes to the financial statements are an integral part of this statement.



USD #336 HOLTON, KS  
 NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Title IIA</u>	<u>Title IID</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	39,687	1,410
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>39,687</u>	<u>1,410</u>
<b>EXPENDITURES</b>		
Instruction	39,687	1,410
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>          </u>	<u>          </u>
Total Expenditures	<u>39,687</u>	<u>1,410</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
 NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Carl Perkins Grant</u>	<u>Fresh Start</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	5,913	
State aid/grants		
Charges for services		440,875
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>5,913</u>	<u>440,875</u>
Total Cash Receipts		
<b>EXPENDITURES</b>		
Instruction	5,857	300,930
Student support services		
Instruction support staff		
General administration		
School administration		82,200
Operations and maintenance		27,223
Student transportation services		
Central support services		
Other support services		23,772
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>5,857</u>	<u>434,125</u>
Total Expenditures		
Receipts Over (Under) Expenditures	56	6,750
Unencumbered Cash, Beginning	1,310	51,710
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>1,366</u>	\$ <u>58,460</u>

The notes to the financial statements are an integral part of this statement.

USD# 336 HOLTON, KS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 For the Year Ended June 30, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
High School				
Art	\$ 64	\$ 1,577	\$ 1,251	\$ 390
Band	5,775	19,824	23,919	1,680
Knouft Memorial	1,075		1,075	0
Drama	2,300	1,871	677	3,494
FFA	1,199	30,175	30,999	375
FFA Convention	1,690	2,500	55	4,135
FHA	1,492	5,997	5,492	1,997
Go Program	4,692	435	5,127	0
FB Memorial	925	157	842	240
Farmers market	1,700	0	1,700	0
Home Economics	2	1,213	362	853
Kayettes	139	889	571	457
KLASS	315	676	276	715
Food Stand	2,875		2,875	0
National Honor Society	40	463	257	246
Pep Cats	7,429	19,510	13,225	13,714
SADD	5,576	3,197	3,456	5,317
Sales Tax	0	10,081	10,081	0
Science Club	47	910		957
Student Council	3,439	7,304	8,136	2,607
Vocal Music	6,313	15,317	14,859	6,771
Vocational Agriculture	214	1,106	1,167	153
Fellowship of Christian Athletes	2,962	781	1,482	2,261
Scholar's Bowl	1,545	120	686	979
Class of 2009	509			509
Class of 2010	386		290	96
Class of 2011	2,211	320	1,849	682
Class of 2012	3,750	3,686	4,757	2,679
Class of 2013	1,425	1,795	25	3,195
Class of 2014	0	1,430	0	1,430
Lettercats	1,234	6,275	4,914	2,595
Business Club	1,025	870	1,029	866
French Club	312	620	409	523
Middle School				
Student Council	290	341	356	275
Technology	259	2,254	1,482	1,031
Kays	450	1,692	1,482	660
Music	112			112
7th Grade Team	16			16
FCA	2,017	1,107	1,765	1,359
Total	<u>\$ 65,804</u>	<u>\$ 144,493</u>	<u>\$ 146,928</u>	<u>\$ 63,369</u>

The notes to the financial statements are an integral part of this statement.

USD #336 HOLTON, KS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>							
Middle school							
Athletics	\$ 1,235		\$ 14,869	\$ 15,814	\$ 290	\$ -	\$ 290
Volleyball	89		22	48	63		63
High School							
Athletics	5,230		72,660	75,600	2,290		2,290
Boys Baseball	2,758		1,173	3,091	840		840
Boys Basketball	3,678		2,316	2,976	3,018		3,018
Girls Basketball	2,248		2,472	4,108	612		612
Track	37		150	150	37		37
Volleyball	1,227		2,894	3,753	368		368
Wrestling	49		4,026	3,995	80		80
Golf	-		350	-	350		350
Cross Country	306		150	4	452		452
Softball	586		6,167	6,445	308		308
Subtotal Gate Receipts	17,443	-	107,249	115,984	8,708	-	8,708
<b>School Projects</b>							
Holton Fund	1,897		9		1,906		1,906
Colorado School							
General	9,555		15,689	9,333	15,911		15,911
PTO	1,742			732	1,010		1,010
Central Elementary							
General	14,977		19,291	22,723	11,545		11,545
Owls Garden Fund	1,144				1,144		1,144
PTO	565				565		565
Optimist Donation	550				550		550
Book Fair	966		3,562	3,544	984		984
Middle School							
Faculty	189		699	713	175		175
Library	1,011		180	67	1,124		1,124
School Fund	592		7,589	7,683	498		498
Sales tax	109		1,174	1,283	-		-
Awards	487		31,647	28,655	3,479		3,479
High School							
Cashman Award	77			77	-		-
Concessions	9,778		28,570	31,707	6,641		6,641
Program ads	-		16,007	10,912	5,095		5,095
Graphic Design	224		10	150	84		84
Harry Fortune	75			75	-		-
Holtonian	187		4,242	3,897	532		532
Industrial Arts	33			33	-		-
Football stadium	8,202		7,904	1,699	14,407		14,407
Touchdown club	-		17,460	14,443	3,017		3,017
Laptop Insurance	3,654		13,233	13,598	3,289		3,289
Lift A Thon	3,007		2,528	3,584	1,951		1,951
McGuffin	264				264		264
PE Grant	1,101		725	36	1,790		1,790
School Fund	7,084		14,446	9,917	11,613		11,613
Supplies	1,884		4,777	1,623	5,038		5,038
Wall Picture	2,424				2,424		2,424
Yearbook	2,995		14,045	13,865	3,175		3,175
Kauffman Grant	82			82	-		-
Orders/Testing	1,482		3,421	2,649	2,254		2,254
School to Work	897			119	778		778
IHT	1,590		3,116	3,075	1,631		1,631
Naismith Sports	11,021		6,754	17,775	-		-
Staff Grants	1,000			130	870		870
Character Program	1,382		4,692	535	5,539		5,539
Bequeath Fund	911			911	-		-
Patio pavers	-		2,477	99	2,378		2,378
AG Metal	200		2,716	2,503	413		413
Greenhouse	653		3,458	1,277	2,834		2,834
Subtotal School Projects	93,991	-	230,421	209,504	114,908	-	114,908
<b>Total District Activity Funds</b>	<b>\$ 111,434</b>	<b>\$ -</b>	<b>\$ 337,670</b>	<b>\$ 325,488</b>	<b>\$ 123,616</b>	<b>\$ -</b>	<b>\$ 123,616</b>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.336 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.336 (b) organizations for which USD No. 336 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.336 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2011:

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

Debt Service Funds – To account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenues and matured principle and interest payable, and reservations of fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 57,082 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was a budget amendment for the year 2011.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Title IID Fund	Title IIA Fund
Title IV Fund	Contingency Reserve Fund
District Activity Funds	Title I Fund
Textbook Rental Fund	Mini-Grant Fund
Fresh Start Fund	Title V
Carl Perkins Grant	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.



UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2011.

Concentration of Credit Risk

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 2 – Deposits and Investments (continued)**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the government's carrying amount of deposits was \$ 3,607,551 and the bank balance was \$ 3,343,333. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 3 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 336 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 3 – Defined Benefit Pension Plan (continued)**

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2011 received as of June 30 was \$188,684,352, Remaining balance due from the state of \$64,969,692 was received by July 12, 2011.

**NOTE 4 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 5 – Compliance with Kansas Statutes**

We noted no violations of Kansas Statutes during the period under examination.

**NOTE 6 – Compensated Absences**

The District does not reimburse employees for unused vacation time. Employees working less than twelve months per year earn ten days sick leave per year. Full year employees earn twelve days sick leave annually. Classified sick leave is accrued in hours equal to each individual's working day and cannot exceed the equivalent of seventy five of an individual's work days. Each year, the District reimburses employees for accumulated unused sick leave in excess of seventy five days. The District has not accrued compensated absences at June 30, 2011.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	\$ 250,000
General Fund	Summer School Fund	K.S.A. 72-6428	25,315
General Fund	Capital Outlay Fund	K.S.A. 72-6428	486,560
General Fund	Special Education Fund	K.S.A. 72-6428	1,250,241
General Fund	Vocational Education Fund	K.S.A. 72-6428	31,908
General Fund	At Risk Fund	K.S.A. 72-6428	423,533
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6428	11,300
Supplemental General Fund	Professional Dev. Fund	K.S.A. 72-6425	14,552
Supplemental General Fund	Textbook Fund	K.S.A. 72-6425	52,398
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	105,998

**NOTE 8 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 9 – Cash Basis Exception**

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 10 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)**

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

**NOTE 11 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

**NOTE 12 – Subsequent Events**

Subsequent events for management's review have been evaluated through July 26, 2011. The date in the prior sentence is the date the financial statements were available to be issued.

USD #336 HOLTON, KS  
GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 674,971	\$ 663,279	\$ 11,692
Delinquent tax	3,542	10,679	(7,137)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	338,937	123,205	215,732
State aid/grants	6,032,929	6,208,591	(175,662)
Charges for services			0
Interest income			0
Miscellaneous revenues	57,082		57,082
Operating transfers			0
<b>Total Cash Receipts</b>	<u>7,107,461</u>	<u>7,005,754</u>	<u>101,707</u>
<b>EXPENDITURES</b>			
Instruction	2,730,421	2,932,997	202,576
Student support services	194,711	221,700	26,989
Instruction support staff	213,690	299,000	85,310
General administration	104,503	99,300	(5,203)
School administration	503,230	542,000	38,770
Operations and maintenance	280,590	359,000	78,410
Student transportation services	248,503	287,500	38,997
Central support services			0
Other support services	77,065	72,300	(4,765)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,754,748	2,191,956	(562,792)
Adjustment to comply with legal max		44,626	44,626
Adjustment for qualifying budget credits		57,082	57,082
<b>Total Expenditures</b>	<u>7,107,461</u>	<u>\$ 7,107,461</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

USD #336 HOLTON, KS  
 SUPPLEMENTAL GENERAL FUND  
 STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 912,584	\$ 993,306	\$ (80,722)
Delinquent tax		13,212	(13,212)
Motor vehicle tax	118,319	121,763	(3,444)
RV tax	9,465	1,625	7,840
Mineral production tax			0
Federal grants			0
State aid/grants	1,312,710	1,317,005	(4,295)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>2,353,078</u>	<u>2,446,911</u>	<u>(93,833)</u>
<b>EXPENDITURES</b>			
Instruction	1,423,598	1,379,389	(44,209)
Student support services	28,055	47,120	19,065
Instruction support staff	40,297	49,308	9,011
General administration	317	500	183
School administration	53,024	65,500	12,476
Operations and maintenance	588,083	735,000	146,917
Student transportation services	11,958	16,463	4,505
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	184,248	36,300	(147,948)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>2,329,580</u>	<u>\$ 2,329,580</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	23,498		
Unencumbered Cash, Beginning	40		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 23,538</u>		

USD #336 HOLTON, KS  
Statement of Changes in Long-Term Debt  
For the Year Ended June, 30, 2011

**Note 12 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
2003 Issue	1.0%-3.25%	6/1/03	\$ 3,500,000	9/1/12	\$ 1,040,000	\$	\$ 380,000	\$ (380,000)	\$ 660,000	\$ 26,368
Capital Leases										
Computer Lease	5.60%	12/20/06	352,491	8/19/10	93,746		93,746	(93,746)	0	5,246
Building Roof	4.08%	10/18/06	600,000	11/1/11	254,253		124,593	(124,593)	129,660	10,374
Total Long Term Debt					\$ 1,387,999	\$ 0	\$ 598,339	\$ (598,339)	\$ 789,660	\$ 41,988

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2012	2013	Total
<b>Principal</b>			
General Obligation Bonds	\$ 395,000	\$ 265,000	\$ 660,000
Special Assessment Bonds	0	0	0
Certificates of Participation	0	0	0
Capital Leases	129,660	129,660	129,660
Revenue Bonds	0	0	0
No-Fund Warrants	0	0	0
Temporary Notes	0	0	0
Total Principal	524,660	265,000	789,660
<b>Interest</b>			
General Obligation Bonds	14,735	4,306	19,041
Special Assessment Bonds	0	0	0
Certificates of Participation	0	0	0
Capital Leases	5,290	5,290	5,290
Revenue Bonds	0	0	0
No-Fund Warrants	0	0	0
Temporary Notes	0	0	0
Total Interest	20,025	4,306	24,331
Total Principal and Interest	\$ 544,685	\$ 269,306	\$ 813,991



# Long CPA, PA

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Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 336, Holton, Kansas as of and for the year ended June 30, 2011, and have issued our report thereon dated July 26, 2011. In our report, our opinion was qualified due to the use of an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 336's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 336's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

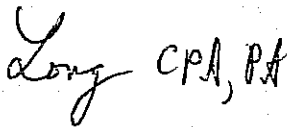
Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 336's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA  
A Professional Association  
Certified Public Accountant

July 26, 2011

# Long CPA, PA

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Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Compliance

We have audited the compliance of Unified School District No. 336, Holton, Kansas with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Unified School District No. 336's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 336's management. Our responsibility is to express an opinion on Unified School District No. 336's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 336's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 336's compliance with those requirements.

In our opinion, Unified School District No. 336 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

### Internal Control Over Compliance

The management of Unified School District No. 336 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 336's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Long CPA, PA*

Long CPA, PA  
A Professional Association  
Certified Public Accountant

July 26, 2011

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 150,254
State Grants (Part B Education Act)	84.027	*	762,741
Early Childhood Aid	84.173	*	30,640
Tech II Lit	84.318	*	509
Title II - Teacher Quality	84.367	*	39,687
Tech II - ARRA	84.386	*	901
Title I - ARRA	84.389	*	43,304
Special Education - Grants -ARRA	84.391	*	403,689
Special Education - Preschool - ARRA	84.392	*	16,314
Stabilization - ARRA	84.394	*	123,205
Education Jobs Fund	84.410	*	215,732
<hr/> U.S. Department of Agriculture <hr/>			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	28,140
National School Lunch Program	10.555	*	163,900
Federal Food Service	10.560	*	27,158
Fresh Fruits Program	10.582	*	9,269
Total Federal Assistance			<u>\$ 2,015,443</u>

\* Not available

The accompanying notes to financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2011

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Unified School District #336.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District #336 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District #336 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District #336 are reported in this schedule.
6. The programs tested as major programs included:  
Department of Education  
Title I, Early Childhood Education CFDA No. 84.027, Stabilization – ARRA, CFDA No. 84.394, Special Education Grants – ARRA, CFDA No. 84.391
7. Unified School District #336 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit  
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit  
Department of Education  
Title I, Early Childhood Education CFDA No. 84.027, Stabilization – ARRA, CFDA No. 84.394, Special Education Grants – ARRA, CFDA No. 84.391

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2011

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 336 Holton, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 336 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2011

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 336 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Title I Early Education Grant Program, Stabilization – ARRA and Special Education Grants - ARRA have been determined by the independent auditor to be a major program.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.